Privatization/joint venture of PUs

2487. DR. K. MALAISAMY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) what is the policy of Governmet in privatization or joint venture of public undertakings;

(b) whether it is a fact that well run profit making units are proposed much against the opposition of Trade Unions; and

(c) will it not be desirable to implement the policy in respect of loss making units leaving the profit making and prestigious undertakings?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) to (c) The main features of the Government policy regarding disinvestment of Government's equity in Central Public Sector Enterprises (CPSEs) is as follows:

(i) All privatizations to be considered on a transparent and consultative case-by-case basis.

(ii) Existing "navratna" companies to be retained in the Public Sector.

(iii) Private industry to be inducted to turn around companies that have potential for revival.

(iv) Chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation.

There has been no case of strategic sale/privatization since May, 2004.

Functioning of SEZs

†2488. SHRI RAM JETHMALANI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that the units functioning in Special Economic Zones (SEZs) of the country are not only exporting their products, but, also doing business of selling their products in the domestic market of the country;

(b) if so, the actual amount of sale in the year 2005-06, 2006-07 and upto January, 2007-08 by these units in domestic as well as international market respectively; and

(c) whether any compulsory limit for selling their products in the international market has been prescribed for these units, and if so, the quantity of products to be exported compulsorily?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) to (c) The Special Economic Zones (SEZs) are under obligation to achieve positive Net Foreign Exchange (NFE) earnings over a period of 5 years, failing which penalties are leviable. The SEZ Act, 2005 provides for domestic clearance by units in SEZ on payment of chargeable duties of customs including Anti-dumping, Countervailing and safeguard details under the Customs

† Original notice of the question was received in Hindi.

Tariff Act, 1975 where applicable, as leviable on such goods when imported. In the year 2005-06, exports of Rs. 22840 crore was effected from SEZs. For the year 2006-07 and 2007-08 (upto 31.12.07), physical exports from SEZs was of the order of Rs. 34615 crore (84.5% of turnover) and Rs. 39512 crore (84.3% turnover) respectively, whereas the domestic supplies counted towards positive NFE by SEZs in these two periods respectively was of the order of Rs. 5543 (13.5% to turnover) and 554011.8% of turnover. As for sales in the domestic tariff area which is not counted towards positive NFE and have been made on payment of 100% duty leviable, the same has been of the order of Rs. 827 crore (2% of total turnover) and Rs. 1831 crore (3.9% of total turnover) respectively during these periods.

Protecting traditional retail trade

†2489. SHRI BALAVANT *ALIAS* BAL APTE:
SHRI SHREEGOPAL VYAS:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether some States have not allowed retail food stores to be opened on the western pattern;

(b) the steps taken by Government for protection of traditional retail trade of the country;

(c) whether it is a fact that the retail traders of India are against the opening of retail market for foreign investors; and

(d) if so, the steps taken by Government for redressal of their grievances?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) While Foreign Direct Investment (FDI) is not allowed in retail trading except for retailing of Single Brand Products, there is no restriction on domestic retailers to establish retail stores in the country. However, certain States have, in principle, opposed entry of domestic companies in to the retail sector in the States.

(c) Government has received various representation from industry associations against allowing FDI in retail trade.

(d) The present policy does not permit FDI in retail trade except Single Brand retail where FDI up to 51% with prior Government approval, is allowed.

Products sold under Single Brand Retail with FDI cater to the brand-conscious, young, middle class clientele having a different niche as compared to that served by the small traders. Hence, FDI in retail trade of single brand products is not expected to affect the existing small traders. Government has instituted a study to assess the impact of organised retailing on unorganised retail trade through Indian Council for Research on International Economic Relation (ICRIER). Government has also commissioned a study to the National Council of Applied Economic Research (NCAER) on Growth linkages of Foreign Direct Investment (FDI) in India which would focus on the impact of FDI on rural economy. The final reports are yet to be submitted by these organisations.

† Original notice of the question was received in Hindi .